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TAGS: [ECIN](#) [ECON](#) [PGOV](#) [IZ](#)
SUBJECT: IRAQI ECONOMIST CALLS FOR PRIVATIZATION AND
FOREIGN DIRECT INVESTMENT

REF: BAGHDAD 3797

Classified By: Economic Minister Counselor Daniel Weygandt for reasons
1.4 (b) and (d).

¶1. (C) Summary: Professor of Economics Abdulrasool Al Jassim discussed major issues facing the Iraqi economy, notably the Investment Law, the need for privatization, and outreach efforts to convince Iraqis of the need for an open economy. Dr. Abdulrasool also highlighted the need for small business development and foreign direct investment. End summary.

The Need for Economic Reform

¶2. (C) In a November 4 meeting with Econoff, Dr. Abdulrasool emphasized the need for privatization and reform, particularly within the context of globalized competition. "We have 150 State Owned Enterprises (SOE's)," he said, "that provide no benefit to the economy." Salaries at many of these industries were not being paid anyway, he said, and a well-designed public awareness campaign could address many concerns about privatization. Dr. Abdulrasool said that privatization should happen in phases, including time for a feasibility study and a plan to attract international investment with the capital and experience to provide badly needed technological upgrades.

¶3. (C) Dr. Abdulrasool advised the Economic Committee at the Council of Representatives (CoR) on the Investment Law, which was passed by the CoR in October (reftel). Convinced of the need for foreign capital in the Iraqi economy, Dr. Abdulrasool hopes that the Investment Commission established by the new law will attract investment to a wide range of businesses. There are areas in Iraq that are safe enough to work in, Dr. Abdulrasool said. He believes that the whole country needs building and construction projects and small business development.

And the Need to Convince Others

¶4. (C) While excited about the prospects for economic development in Iraq, Dr. Abdulrasool is also aware of the need to convince other people of the benefits of economic reform. "The government was the only economic force in Iraq for a long time," he said, "and now we need to show people that there is a better system." Along with other professional economists Dr. Abdulrasool is part of a society that meets weekly to discuss areas for economic reform. "People ask me how to fix the economy, so I tell them," Dr. Abdulrasool said. The group, led by the president of al-Mustansiriyya University, has discussed inflation, Public Distribution Reform, and the Investment Law. Dr. Abdulrasool mentioned in particular his outreach with religious leaders,

who have little experience with economic issues.

Bio-Note and Comment

¶5. (C) Dr. Abdulrasool Al Jassim is the head of the Department of Trade and Industry at the private Mansour College in Baghdad. He has lived in Baghdad since returning from graduate work at the University of Poitiers in France in ¶1983. He has worked for the research department at the Ministry of Industry, and with the Iraqi Fund for Foreign Development. He does not speak English well. Dr. Abdulrasool seems well connected with the network of professionals promoting economic reform legislation, and could be a valuable contact in our efforts to reform Iraq's economy.
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